CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE

22,287 Shares

MELVILLE SHOE CORPORATION

(Incorporated under the laws of the State of New York)

4½% Preferred Stock

(Convertible until January 1, 1945)

(Par value $100 per share)

Part of 25,000 authorized shares of 4½% Preferred Stock (Convertible until January 1, 1945). Preferred as to assets and dividends. Dividends cumulative from May 1, 1936, at the rate of 4½% per annum payable in cash quarterly on the first days of August, November, February and May. Redeemable in whole or in part at any time upon forty-five days notice at $105 per share plus accrued unpaid dividends. Convertible at any time until January 1, 1945, as follows: On or before January 1, 1938, into 1½ shares of Common Stock; thereafter and on or before January 1, 1940, into 1¼ shares of Common Stock; and thereafter and on or before January 1, 1945, into 1 share of Common Stock. If called for redemption prior to January 1, 1945, conversion right continues through fifth day before redemption date. The foregoing is subject to the more complete description of the 4½% Preferred Stock (Convertible until January 1, 1945) contained herein and in the registration statement.

TRANSFER AGENT	REGISTRAR
Irving Trust Company, New York.	City Bank Farmers Trust Company, New York.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION.

Melville Shoe Corporation has registered the securities by filing certain information with the Commission. The Commission has not passed on the merits of any securities registered with it.

IT IS A CRIMINAL OFFENSE TO REPRESENT THAT THE COMMISSION HAS APPROVED THESE SECURITIES OR HAS MADE ANY FINDING THAT THE STATEMENTS IN THIS PROSPECTUS OR IN THE REGISTRATION STATEMENT ARE CORRECT.

The outstanding Common Stock of the Corporation is listed on the New York Stock Exchange. The Corporation has agreed to make application in due course for the listing on said Exchange on official notice of issuance, of the additional Common Stock issuable upon conversion of the 4½% Preferred Stock (Convertible until January 1, 1945) and the registration of such additional shares under the Securities Exchange Act of 1934.

	Price to Public	Underwriting Discounts or Commissions	Proceeds to Corporation
Total	**$2,317,848**	**$89,148**	**$2,228,700***
Per Share	**$104**	**$4**	**$100.00***

***Without allowing for expenses of the Corporation in connection with this issue.**

Subscription warrants will be issued to Common Stockholders of record at the close of business on April 6, 1936, evidencing their right to subscribe to this issue of 4½% Preferred Stock (Convertible until January 1, 1945), at the price of $104 per share on April 27, 1936. Holders of the First Preferred Stock (which has been called for redemption), are being offered an opportunity as set forth herein to purchase on April 27, 1936, at the same price, so many of the 22,287 shares of the 4½% Preferred Stock (Convertible until January 1, 1945), as are not purchased by the holders of the Common Stock. Such of said shares as are not purchased by the holders of the Common Stock or by the holders of the First Preferred Stock are offered, subject to the terms of offering set forth herein, when, as and if issued and subject to the approval of Messrs. Chadbourne, Hunt, Jaeckel & Brown, Counsel for the Underwriters, and Messrs. Clarke & Allen, Counsel for the Corporation. It is expected that certificates for such shares will be ready for delivery on May 1, 1936, at the office of E. A. Pierce & Co., 40 Wall Street, New York, N. Y. against payment therefor in New York funds.

Cassatt & Co.,

Incorporated

No dealer, salesman or any other person has been authorized to give any information, or to make any representations other than those contained in this Prospectus in connection with the offering contained in this Prospectus, and information or representations not herein contained, if given or made, must not be relied upon.

The Underwriters and Sub-underwriters reserve the right in connection with this offering to make purchases or sales for their own account or otherwise of securities of any class of the Corporation.

The date of issue of this Prospectus is April 1, 1936.

22,287 Shares
Melville Shoe Corporation

(Incorporated under the laws of the State of New York)

4½% Preferred Stock

(Convertible until January 1, 1945)

(Par value $100 per share)

DESCRIPTION OF OFFERING

These 22,287 shares of 4½% Preferred Stock (Convertible until January 1, 1945) will, when, as and if issued, be the senior class of stock which the Corporation is authorized to issue.

The Corporation now has authorized 19,168 shares of First Preferred Stock, of the par value of $100 each; 25,000 shares of 4½% Preferred Stock (Convertible until January 1, 1945), (hereinafter in this Prospectus referred to as the 4½% Preferred Stock), of the par value of $100 each; 100,000 shares of Second Preferred Stock of the par value of $5 each and 500,000 shares of Common Stock without par value. The Corporation has called the said 19,168 shares of First Preferred Stock for redemption and will, on or before April 27, 1936, and prior to the issuance of the 4½% Preferred Stock, deposit the redemption price thereof, the same to be immediately available to holders of First Preferred Stock upon surrender of their certificates. Thereupon, under the provisions of the Certificate of Incorporation, as amended, the First Preferred Stock shall not be deemed to be outstanding for any purpose. The Certificate of Incorporation, as amended, provides that no First Preferred Stock redeemed shall be reissued or otherwise disposed of. Therefore, at the time the 4½% Preferred Stock is issued it will, as stated above, be the senior class of stock which the Corporation is authorized to issue.

Offering to Holders of Common Stock and to Holders of First Preferred Stock:

Pursuant to their preemptive right to subscribe for and purchase the same, the 22,287 shares of 4½% Preferred Stock will be offered to the holders of the Common Stock of the Corporation for purchase by them on April 27, 1936 at the public offering price; each such Stockholder to have the right to purchase 6/100ths of one share of 4½% Preferred Stock for each share of Common Stock held of record by him at the close of business on April 6, 1936. Transferable subscription warrants evidencing these rights will be issued to the Common Stockholders. Holders of the First Preferred Stock, which has been called for redemption, are being afforded the opportunity to subscribe for and purchase on April 27, 1936 at the public offering price, so many of said 22,287 shares of 4½% Preferred Stock as shall not be purchased by the holders of the Common Stock of the Corporation; each holder of First Preferred Stock to be entitled to subscribe for and purchase 4½% Preferred Stock up to the largest number of full shares which he shall be able to purchase, at the public offering price, with the proceeds of the redemption of the shares of First Preferred Stock held by him. In the event that subscriptions received from the holders of First Preferred Stock shall exceed the number of shares available, such subscriptions will be filled pro rata to the extent of the largest number of full shares allocable.

Offering to Others:

Such of the 22,287 shares of 4½% Preferred Stock as shall not have been purchased by holders of the Common Stock or holders of the First Preferred Stock of the Corporation are being offered to others by the Underwriters, subject to prior sale, at the public offering price of $104 per share. The Underwriters reserve the right in their discretion to vary the offering price after the initial public offering, and also reserve the right to make purchases and sales for their own account or otherwise, of securities of any class of the Corporation.

HISTORY AND BUSINESS

Melville Shoe Corporation was incorporated under the laws of New York on May 1, 1914, and shortly thereafter engaged in the conduct of stores for the sale of men's and boys' shoes at retail. As its business developed, it operated two chains of retail stores designated respectively John Ward Men's Shoes and Rival Shoe Company, the former selling shoes of a higher grade than those dealt in by the Rival chain.

In 1922 the Corporation started its Thom McAn chain which has grown until, as of December 31, 1935, it consisted of 599 stores.

On April 1, 1930, the Corporation acquired the assets and assumed certain of the liabilities of Traveler Shoe Stores Corporation, which operated a chain of 38 stores. The Traveler line was gradually sold out and discontinued and Thom McAn or Rival stores substituted at the several locations, or leases not renewed.

On January 1, 1935, the Corporation sold its Rival chain, then consisting of 17 stores, which had not advantageously coordinated with the John Ward Men's Shoes and the Thom McAn chains.

The number of stores operated by the Corporation has increased from 480 in 220 cities in 36 states (on December 31, 1930) to 609 in 318 cities in 40 states (on December 31, 1935); the dollar sales of shoes have increased from $26,102,007.14 in 1930 to $27,167,871.67 in 1935; the dollar sales of hosiery have increased from $1,912,788.91 in 1930 to $2,528,238.20 in 1935; the dollar sales of other merchandise have increased from $539,504.13 in 1930 to $659,414.31 in 1935; the total dollar sales have increased from $28,654,300.18 in 1930 to $30,355,524.18 in 1935; the unit sales of shoes have increased from 6,515,190 pairs in 1930 to 9,085,155 pairs in 1935; the unit sales of hosiery have increased from 4,567,281 pairs in 1930 to 7,575,422 pairs in 1935; the annual net income has increased from $1,375,579.32 for the year 1930 to $2,013,412.10 for the year 1935.

During the business depression and particularly during the years 1931, 1932 and 1933, the Corporation and its subsidiaries negotiated reduction of rentals payable under old leases and lower rentals on new and renewed leases.

The Corporation has adopted and is following the policy of moving stores to higher grade locations and of increasing the size of individual units wherever possible. In smaller communities and neighborhoods which cannot support a standard type store and the usual initial investment, the Corporation has been opening smaller stores and utilizing existing store fronts with a minimum of alterations and expense.

The Corporation is not a manufacturer, but purchases the shoes and other footwear which it retails. For over ten years the J. F. McElwain Company has been the chief source of supply of the shoes sold in the Thom McAn stores. Since 1930 these shoes have been supplied under a contract the term of which expired on December 31, 1935, but which was extended for a further period of five years subject, as before, to the right of either party to terminate it on four months notice. This contract provides for the purchase by the Corporation of at least 90% of the men's and boys' shoes required by the Corporation for the business of its Thom McAn stores. The Corporation agrees, at the request of the McElwain Company, to inform it of the Corporation's probable future requirements for a reasonable period, and the McElwain Company agrees to estimate the probable cost to it for such shoes for a reasonable period into the future. The McElwain Company agrees to supply all the men's and boys' shoes the Corporation may order from time to time for its Thom McAn stores. The basis for determining the price of shoes sold by the McElwain Company to the Corporation is as follows: Shoes are billed to the Corporation at the estimate of manufacturing cost as previously reported to the Corporation. Twice each year (and as soon as possible after the termination of the agreement) the Corporation pays to the McElwain Company a specified percentage of the profits from the sale of men's and boys' shoes in its Thom McAn stores; and simultaneously the McElwain Company pays to the Corporation a specified percentage of the McElwain Company's total profits during the period. J. Franklin McElwain, one of the directors of the Corporation, is the president, a director and a principal stockholder of the McElwain Company.

The Corporation has been required to pay the new chain store taxes enacted by a number of states. These taxes in most instances are measured by the number of stores operated within the state. The Corporation has, in several states, challenged the constitutionality of the chain store taxing statutes enacted in those states. Certain bills relating to chain stores are now pending in Congress and in various state and municipal legislative bodies, which, if enacted, might, in the opinion of the management of the Corporation, have a harmful effect upon the Corporation's business.

The Corporation has no parent; it has three wholly owned active subsidiaries: The R-W Realty Co., Inc. and Melville Realty Company, Inc., each of which is engaged in leasing real property as tenant and subleasing the same as landlord, principally to the Corporation for use in the operation of its stores; and Broadway & Fifty-Second Street Corporation which owns, and is engaged in the operation of, the building at 1651-1665 Broadway, New York, N. Y., which is erected on land held by it under a lease the term of which expires January 1, 1946, (subject to renewals). This building is operated as a separate enterprise and none of the space in it is leased to the Corporation or to its other subsidiaries.

CAPITALIZATION

The Corporation had the following capitalization as of December 31, 1935:

	Authorized	Outstanding
First Preferred 6% Cumulative Stock, Par Value $100 per share	50,000 shs.	19,168 shs.*
Second Preferred 6% Cumulative Stock, Par Value $5 per share	100,000 shs.	99,992 shs.
Common Stock, No Par Value; declared value $1.25 per share	500,000 shs.	371,461 shs.**

*Exclusive of 4,529 shares issued and reacquired by the Corporation and surrendered to the First Preferred Stock retirement fund, and 1,303 shares held in the treasury. All said 5,832 shares have since been cancelled and retired by the filing of a Certificate of Reduction of Capital and Reclassification of Shares.

**Includes 1,278 shares of Common Stock held by the Corporation for future delivery to employees.

The Capitalization of the Corporation after giving effect to the redemption of the First Preferred Stock, the authorization of the 4½% Preferred Stock and the issuance of 22,287 shares thereof will be as follows:

	Authorized	Outstanding
4½% Preferred Stock (Convertible until January 1, 1945), Cumulative Stock, Par Value $100 per share	25,000 shs.	22,287 shs.
Second Preferred 6% Cumulative Stock, Par Value $5 per share	100,000 shs.	99,992 shs.
Common Stock, No Par Value; declared value $1.25 per share	500,000 shs.	371,461 shs.*

*Includes 1,278 shares of Common Stock held by the Corporation for future delivery to employees. 33,430 additional shares of Common Stock will be initially reserved for the conversion of the 4½% Preferred Stock.

SALES AND NET INCOME

The following is a tabulation of the sales and net income of Melville Shoe Corporation and subsidiaries for the five years ended December 31, 1935, as reported by Messrs. Peat, Marwick, Mitchell & Co., the relation of the net income to dividends on the new 4½% Preferred Stock and the earnings per share on the outstanding Common Stock after deduction of dividends on the new 4½% Preferred Stock and on the Second Preferred Stock. Further particulars of the net income in respect of the years 1933-1935 are given in the Consolidated Profit and Loss Account appended hereto and marked Exhibit "E", to which reference is hereby made:

Year	Sales	Net Income (See Notes 1 and 2)	Dividends on New 4½% Preferred Stock—Times Earned	Earnings per Share on Common Stock after Dividends on New 4½% Preferred Stock and Second Preferred Stock
1931	$26,286,518	$ 914,320	9.12	$2.11
1932	20,594,311	470,097 (Note 3)	4.68	.91
1933	21,112,783	1,204,487	12.01	2.89
1934	27,215,927	1,692,912	16.88	4.20
1935	30,355,524	2,013,412	20.08	5.06

NOTES:

(1) The fixed assets of the Corporation and its subsidiaries were written down by $848,137 as at December 31, 1931. As a result depreciation charges in subsequent years were reduced and the net income increased by the

following approximate amounts: 1932—$141,000; 1933—$132,000; 1934—$116,000; and 1935—$74,000.

(2) During the business depression and particularly during the years 1932, 1933 and 1934 the Corporation and its subsidiaries negotiated reductions of rentals payable under old leases and lower rentals on new and renewed leases and also cancellation of certain leases. The commissions and bonuses paid in connection with such reductions and cancellations in the respective years have been charged against the net income shown above as follows:

1932	$200,928
1933	151,029
1934	68,535

Normal expenditures of this nature were also made in the years 1931 and 1935 but were substantially smaller in amount.

(3) Before deducting $183,133 set up as provision for extraordinary loss on investment in an affiliated realty company.

DIVIDENDS

During the last five years, the Corporation has regularly paid dividends at the rate of 6% per annum on its outstanding First Preferred Stock, of the par value of $100 per share, and its outstanding Second Preferred Stock, of the par value of $5 per share. During this period the Corporation has paid dividends on its Common Stock as follows:

Year	Amount	Rate Per Share
1931	$ 742,922.00	$2.00
1932	556,651.50	1.50
1933	444,673.20	1.20
1934	666,449.80	1.80
1935	1,064,133.13	2.87½

The Corporation paid a dividend on its Common Stock of 75¢ per share on February 1, 1936, in the total amount of $278,595.75. The Corporation has declared a dividend on its Common Stock of 87½¢ a share payable May 1, 1936, to holders of record at the close of business on April 17, 1936.

PROPERTY

The Corporation leases, either directly or through one of its subsidiaries, the various locations occupied by its retail stores. In order to obtain a desirable location the Corporation or a subsidiary sometimes leases more space than is required for the Corporation's business and in such cases endeavors to sublet the excess space to others.

As at December 31, 1935, the Corporation operated 609 stores in 318 cities in 40 states and ranging geographically from the east coast as far west as Phoenix, Arizona and Salt Lake City, Utah, as follows:

JOHN WARD—10 STORES

New York	7
Brooklyn	1
Newark	1
Philadelphia	1

THOM McAN—599 STORES
(in 318 cities in 40 states)

ALABAMA (6)

Birmingham	2
Ensley	1
Gadsden	1
Mobile	1
Montgomery	1

ARIZONA (2)

Phoenix	1
Tucson	1

ARKANSAS (2)

Fort Smith	1
Little Rock	1

COLORADO (3)

Denver	2
Pueblo	1

CONNECTICUT (23)

Bridgeport	2
Danbury	1
Derby	1
Hartford	3
Meriden	1
Middletown	1
New Britain	1
New Haven	4
New London	1
Norwich	1
South Manchester	1
South Norwalk	1
Stamford	1
Waterbury	3
Willimantic	1

DELAWARE (2)

Wilmington	2

DISTRICT OF COLUMBIA (4)

Washington	4

FLORIDA (9)

Jacksonville	2
Lakeland	1
Miami	2
Pensacola	1
Tampa	2
West Palm Beach	1

GEORGIA (8)

Atlanta	4
Augusta	1
Columbus	1
Macon	1
Savannah	1

(Continued)

ILLINOIS (33)

Aurora	1
Bloomington	1
Chicago	22
Danville	1
East St. Louis	1
Evanston	1
Kankakee	1
Moline	1
Peoria	1
Quincy	1
Rock Island	1
Springfield	1

INDIANA (16)

Anderson	1
Elkhart	1
Evansville	1
Fort Wayne	1
Gary	1
Indianapolis	3
Lafayette	1
Marion	1
Michigan City	1
Muncie	1
New Albany	1
Richmond	1
South Bend	1
Terre Haute	1

IOWA (5)

Davenport	1
Des Moines	2
Dubuque	1
Sioux City	1

KANSAS (2)

Kansas City	1
Wichita	1

KENTUCKY (6)

Covington	1
Lexington	1
Louisville	2
Newport	1
Paducah	1

LOUISIANA (7)

Baton Rouge	1
Monroe	1
New Orleans	4
Shreveport	1

MAINE (4)

Augusta	1
Lewiston	1
Portland	2

MARYLAND (10)

Baltimore	8
Cumberland	1
Hagerstown	1

MASSACHUSETTS (60)

Allston	1
Arlington	1
Attleboro	1
Beverly	1
Boston	7
Brockton	1
Brookline	1
Cambridge	2
Chelsea	1
Dorchester	3
East Boston	1
Everett	1
Fall River	2
Fitchburg	1
Framingham	1
Gardiner	1
Gloucester	1
Greenfield	1
Haverhill	1
Holyoke	1
Hyde Park	1
Lawrence	2
Lowell	1
Lynn	2
Malden	1
Medford	1
New Bedford	3
Norwood	1
Peabody	1
Pittsfield	1
Quincy	1
Roxbury	1
Roslindale	1
Salem	1
Somerville	2
South Boston	1
Springfield	2
Taunton	1
Wakefield	1
Waltham	1
Watertown	1
Woburn	1
Worcester	2

MICHIGAN (21)

Ann Arbor	1
Battle Creek	1
Detroit	8
Flint	1
Grand Rapids	1
Hamtramck	1
Highland Park	1
Jackson	1
Kalamazoo	1
Lansing	1
Muskegon	1
Pontiac	1
Port Huron	1
Saginaw	1

MINNESOTA (7)

Duluth	1
Minneapolis	3
St. Paul	3

MISSISSIPPI (3)

Greenville	1
Jackson	1
Vicksburg	1

MISSOURI (12)

Joplin	1
Kansas City	2
Maplewood	1
Springfield	1
St. Joseph	1
St. Louis	6

NEBRASKA (3)

Lincoln	1
Omaha	2

NEW HAMPSHIRE (3)

Concord	1
Manchester	1
Portsmouth	1

NEW JERSEY (33)

Asbury Park	1
Atlantic City	1
Bayonne	1
Bloomfield	1
Camden	2
Elizabeth	1
Hackensack	1

(Continued)

Harrison	1
Hoboken	1
Jersey City	6
Long Branch	1
Montclair	1
Newark	5
New Brunswick	1
Orange	1
Passaic	1
Paterson	2
Plainfield	1
Red Bank	1
Trenton	1
Union City	1
West New York	1

NEW MEXICO (1)

Albuquerque	1

NEW YORK (147)

Albany	4
Amsterdam	1
Auburn	1
Bay Shore	1
Binghamton	1
Buffalo	6
Elmira	1
Freeport	1
Glens Falls	1
Hempstead	1
Huntington	1
Jamestown	1
Kenmore	1
Mount Vernon	1
Newburgh	1
New Rochelle	1
New York (Manhattan and Bronx)	50
(Brooklyn and Queens)	52
(Richmond)	2
Niagara Falls	1
Olean	1
Oswego	1
Peekskill	1
Poughkeepsie	1
Port Chester	1
Rochester	3
Schenectady	2
Syracuse	2
Troy	1
Utica	2
Yonkers	2
White Plains	1

NORTH CAROLINA (7)

Asheville	1
Charlotte	1
Durham	1
Greensboro	1
Raleigh	1
Wilmington	1
Winston Salem	1

OHIO (40)

Akron	2
Alliance	1
Canton	1
Cincinnati	6
Cleveland	9
Columbus	3
Dayton	3
Elyria	1
Hamilton	1
Lima	1
Lorain	1
Mansfield	1
Norwood	1
Portsmouth	1
Springfield	1
Steubenville	1
Toledo	3
Youngstown	2
Warren	1

OKLAHOMA (3)

Muskogee	1
Oklahoma City	1
Tulsa	1

PENNSYLVANIA (54)

Ardmore	1
Allentown	1
Altoona	1
Beaver Falls	1
Braddock	1
Butler	1
Chester	1
Erie	2
Greensburg	1
Harrisburg	1
Hazleton	1
Homestead	1
Johnstown	1
Lancaster	1
McKeesport	1
Nanticoke	1
New Castle	1
Philadelphia	22
Pittsburgh	5
Pottsville	1
Reading	1
Scranton	1
Shenandoah	1
Wilkes-Barre	1
Williamsport	1
Wilkinsburg	1
Upper Darby	1
York	1

RHODE ISLAND (11)

Newport	1
Pawtucket	2
Providence	6
Westerly	1
Woonsocket	1

SOUTH CAROLINA (4)

Charleston	1
Columbia	1
Greenville	1
Spartanburg	1

TENNESSEE (7)

Bristol	1
Chattanooga	1
Johnson City	1
Knoxville	1
Memphis	2
Nashville	1

TEXAS (19)

Abilene	1
Amarillo	1
Austin	1
Beaumont	1
Dallas	2
El Paso	1
Fort Worth	2
Galveston	1
Houston	2
Laredo	1
San Angelo	1
San Antonio	2
Sherman	1
Waco	1
Wichita Falls	1

(Continued)

UTAH (2)

Salt Lake City	2

VERMONT (1)

Burlington	1

VIRGINIA (7)

Lynchburg	1
Newport News	1
Norfolk	2
Portsmouth	1
Richmond	1
Roanoke	1

WEST VIRGINIA (5)

Charleston	1
Clarksburg	1
Huntington	1
Parkersburg	1
Wheeling	1

WISCONSIN (7)

Eau Claire	1
Madison	1
Milwaukee	3
Kenosha	1
Oshkosh	1

The Corporation's operating subsidiaries lease twelve locations which are not used by the Corporation in the conduct of its business but are sublet to others.

The Corporation owns the property, known as 44 Hammond Street, Worcester, Massachusetts, which is used as a general warehouse and for the general offices of the Treasurer of the Corporation and its Accounting Department. The building is of reinforced concrete construction having four stories and basement with a total floor area of 172,645 square feet. The land area is approximately 47,731 square feet. The Corporation has recently acquired adjoining property having an area of approximately 42,433 square feet to improve access to its warehouse and to provide for possible future needs.

Broadway & Fifty-Second Street Corporation, a wholly owned subsidiary, owns and operates the building known as the Broadway Block Building, which is a four-story, basement and sub-basement business building located at 1651-1665 Broadway, New York, N. Y. and erected upon land leased by Broadway & Fifty-Second Street Corporation under a long term lease. The lease provides for annual net rentals for the period beginning January 1, 1936, and ending at the expiration of the term ranging from $135,000 to $160,000, the average annual net rental for said period being $149,000. The building was constructed by Broadway Block Corporation, one-half of the outstanding common stock of which was owned by the Corporation and one of its subsidiaries, in compliance with the provisions of the lease (a copy of which is attached to the registration statement as an exhibit), with funds derived from a mortgage upon the leasehold estate. The operation of the building by that Corporation did not yield sufficient to pay the ground rent, interest, amortization charges on the mortgage and operating expenses; and foreclosure proceedings being threatened, the Corporation, because of its obligation as guarantor of the lease, caused the organization of Broadway & Fifty-Second Street Corporation and provided it with funds sufficient to enable it to purchase the mortgage. The mortgage was then foreclosed and the lease was purchased at foreclosure sale and is now owned by Broadway & Fifty-Second Street Corporation. The results of the entire venture to date have not been satisfactory. The net loss on this building for 1935, after providing for ground rent and for depreciation in the amount of $7,623.36, was approximately $18,000. The lease expires January 1, 1946, but may be renewed at the option of Broadway & Fifty-Second Street Corporation as setforth in the lease.

The principal executive office of the Corporation is located at 555 Fifth Avenue, New York City.

MANAGEMENT

The names and addresses of the officers and directors of the Corporation, all of whom are now serving, are as follows:

Name	Address	Office
Ward Melville	Stony Brook, Long Island, New York	President and Director
William F. Allen	25 Claremont Avenue, New York, N. Y.	Vice-President and Director
William J. Cobb	88 Hickory Grove Drive, Larchmont, N. Y.	Vice-President
Elbert R. Allen	25 Rittenhouse Rd., Worcester, Mass.	Treasurer
Joel E. Fisher	Oyster Bay, Long Island, N. Y.	Secretary and Director
Cyril J. Richards	10 Homer Street, Worcester, Mass.	Assistant Treasurer
Arthur Paar	11 Stoner Avenue, Great Neck, N. Y.	Assistant Secretary
Frederick S. Little	995 Fifth Avenue, New York, N. Y.	Director
J. Franklin McElwain	21 Chestnut Street, Boston, Mass.	Director
Joseph L. Merrill	21 Rockledge Road, Bronxville, N. Y.	Director
Harry E. Robinson	Old Field, Setauket, N. Y.	Director

Each of the officers of the Corporation named above, with the exception of Mr. William J. Cobb who was elected a vice-president of the Corporation on January 7, 1935, and who prior to that time was the Corporation's general sales manager, has been actively engaged in his present capacity during at least the past five years.

PURPOSE OF FINANCING

The proceeds to be received by the Corporation from the sale of the 4½% Preferred Stock to which this Prospectus relates, will be received upon the delivery of the 4½% Preferred Stock, which will be on April 27, 1936, as to the stock subscribed for by the Common and/or First Preferred Stockholders; and on May 1, 1936, as to the unsubscribed balance of such shares deliverable to the Underwriters. After deducting the compensation of the Underwriters and the estimated expenses to be paid by the Corporation, the estimated net proceeds will amount to $2,187,759.52. Of this amount, $2,137,232 will be applied to reimburse the Corporation for the redemption price of the First Preferred Stock; and the balance, $50,527.52, will be added to the Corporation's general funds.

Of the gross proceeds to be received by the Corporation for the 22,287 shares of 4½% Preferred Stock, an amount equal to the par value thereof, $100 per share, or a total of $2,228,700, is to be credited to capital, and the balance, equivalent to $4 per share, to paid-in surplus. The compensation to the Underwriters and the expenses payable by the Corporation in connection with this issue will be charged against earned and/or paid-in surplus.

UNDERWRITING

E. A. Pierce & Co. and Cassatt & Co., Incorporated, both of 40 Wall Street, New York City, have jointly and severally agreed, subject to certain conditions, to underwrite the subscription by the holders of Common Stock and/or First Preferred Stock of the Corporation of the 22,287 shares of 4½% Preferred Stock at the subscription price of $104 per share; and have agreed to effect sales of so many of said shares as shall not be so subscribed for at a price not less than the subscription price. As compensation for said agreement, the Corporation has agreed to pay the Underwriters a commission equal to the difference between the subscription price of said 22,287 shares and $2,228,700; and has agreed that in the event the Underwriters effect sales at prices higher than the subscription price, the Underwriters may retain such excess as additional commissions.

Mr. Joseph L. Merrill, a Director of the Corporation, is a member of the firm of E. A. Pierce & Co. None of the other underwriters is affiliated with the Corporation.

The Underwriters have ceded to F. S. Smithers & Co. an interest of 10% in their rights and obligations under the underwriting agreement.

Sub-underwriters will be obligated to take up and pay for at $104 per share, their respective pro rata amounts of the 4½% Preferred Stock not subscribed for by the Common Stockholders and the First Preferred Stockholders. A commission of $3 per share will be payable to each Sub-underwriter in respect to the total number of shares of 4½% Preferred Stock underwritten by him regardless of the number of shares he is required to take up and pay for. It is not contemplated that any Selling Group will be formed.

The Underwriters do not intend to offer any other concessions or variations in price except that the Underwriters reserve the right in their discretion to vary the offering price after the initial public offering.

The outstanding Common Stock of the Corporation is listed on the New York Stock Exchange. The Corporation has agreed to make application in due course for the listing on said Exchange on official notice of issuance, of the additional Common Stock issuable upon conversion of the 4½% Preferred Stock and the registration of such additional shares under the Securities Exchange Act of 1934. It is expected that open markets in the Subscription Warrants evidencing the right to subscribe for 4½% Preferred Stock, and in the 4½% Preferred Stock itself, may develop. The Underwriters and Sub-underwriters may make purchases or sales, for their own account or otherwise, of securities of any class of the Corporation.

CERTAIN HOLDERS OF STOCK OF CORPORATION

The following is a statement as to all persons owning of record as of December 31, 1935, more than 10% of any class of voting stock of the Corporation, together with the title of the issue, the amount owned, and the percentage of the class owned by such persons:

Owner of record Name and address	Beneficial Owner (if known) Name and address	Title of Issue	Amount owned	Per cent of the class
Frank Melville, Jr., c/o Jennie F. Melville Ward Melville and Joel Ellis Fisher, Jr. Executors, Irving Trust Company Lincoln Office, 42nd Street at Park Ave., New York, N. Y.	Estate of Frank Melville, Jr. in administration, 555 Fifth Avenue, New York, N. Y.	First Preferred Second Preferred Common	56 55,106 (1) 35,397 (2)	.29 55.10 9.52
Jennie F. Melville, c/o Kings County Trust Co., 342 Fulton Street, Brooklyn, N. Y.	Jennie F. Melville, c/o Kings County Trust Co., 342 Fulton St., Brooklyn, N. Y.	First Preferred Second Preferred Common	378 26,170 (3) 53,708 (4)	1.97 26.17 14.46
Ward Melville, 555 Fifth Avenue, New York, N. Y.	Ward Melville, 555 Fifth Avenue, New York, N. Y.	First Preferred Second Preferred Common	180 17,316 (5) 59,887 (6)	.93 17.31 16.12

(1) Includes 3 shares of record in name of this stockholder described as "Frank Melville."

(2) Exclusive of 63 shares of record in the name of a nominee.

(3) Exclusive of 9,886 shares held by Ward Melville in trust to pay the income therefrom to this stockholder during her life. This stockholder has no voting power over these shares. (See Note 5).

(4) Exclusive of 35,000 shares held by Ward Melville in trust to pay the income therefrom to this stockholder during her life. This stockholder has no voting power over these shares. (See Note 6).

(5) Includes 9,886 shares held by this stockholder in trust to pay the income therefrom to Jennie F. Melville during her life. This stockholder, Ward Melville, exercises sole voting power over these shares. (See Note 3).

(6) Includes 35,000 shares held by this stockholder in trust to pay the income therefrom to Jennie F. Melville during her life. This stockholder, Ward Melville, exercises sole voting power over these shares (See Note 4).

DESCRIPTION OF 4½% PREFERRED STOCK

(Convertible until January 1, 1945)

The following statements are summaries of certain provisions contained in the Certificate of Incorporation, as amended. Said statements do not purport to be complete, and reference is made to the Certificate of Incorporation, as amended, filed with the registration statement (Exhibit A-7 thereto attached), for full and complete statements of such provisions, to all which the following is subject:

Dividend Rights

Holders of the 4½% Preferred Stock are entitled to receive in preference to the Second Preferred Stock and Common Stock, cumulative dividends at the rate of 4½% per annum, and no more, payable in cash quarterly out of the surplus of the Corporation on the first days of February, May, August and November in each year. In the case of shares issued prior to August 1, 1936, dividends are cumulative from May 1, 1936.

Voting Rights

The 4½% Preferred Stock has no right to vote except that if six quarterly dividends on the 4½% Preferred Stock shall be unpaid in whole or in part, the 4½% Preferred Stock is entitled to exclusive voting rights for the election of directors until all arrears in dividends on the 4½% Preferred Stock shall have been paid in full and the quarterly dividend thereon for the current quarterly period shall have been declared and set apart in full and thereupon such exclusive voting right shall cease and be revested in the Second Preferred Stock and the Common Stock.

The Certificate of Incorporation, as amended, provides that certain corporate action will not be taken without causing notice to be mailed to the holders of 4½% Preferred Stock at least 30 days prior to the date on which such action is proposed to be taken, and that the Corporation shall not take such action if within such period the holders of one-third or more of the outstanding 4½% Preferred Stock shall file written objection to such action. Among such actions are the following:

(1) The authorization, creation or issue of any new class of stock prior to or on a parity with the 4½% Preferred Stock (not including the authorization, creation or issue of additional shares of 4½% Preferred Stock).

(2) Any issue of shares of 4½% Preferred Stock in excess of 30,000 shares, unless (I) the net earnings (as defined) for one year shall amount to twice, or for two years four times, the dividend requirements of the 4½% Preferred Stock outstanding and proposed to be issued, and (II) the net assets (as defined) shall be not less than 125% of the par value of the 4½% Preferred Stock outstanding and proposed to be issued.

(3) Any amendment of the Certificate of Incorporation which would alter or change the preferences of the 4½% Preferred Stock.

(4) The sale or conveyance of all or substantially all of the property or business of the Corporation, or a statutory consolidation or merger.

(5) The creation of any mortgage, lien, charge or encumbrance on the property of the Corporation or any subsidiary (as defined) or the creation of bonds, notes or other evidences of indebtedness maturing more than 18 months from the date of issue, provided, however, that this restriction does not apply to (I) the giving of purchase money mortgages not exceeding 70% of the fair market value of the property acquired, or the renewal or refunding of such mortgages; (II) the acquisition of property subject to mortgages not exceeding 70% of the fair market value of the property, or the renewal or refunding of such mortgages; or (III) the pledging by the Corporation or any subsidiary, as security for loans made to it in the regular and current conduct of its business, of liquid assets other than obligations, securities or stocks of any subsidiary company.

(6) The giving of a guaranty of the Corporation for the payment of interest on or principal of the obligations of any other corporation other than leases or current liabilities of subsidiaries; or for the payment of dividends on or the retirement of stock of any other corporation.

(7) The issue by any subsidiary except to the Corporation of any stock or any bonds, notes or other funded obligations other than notes maturing not later than 18 months from the date of issue and issued in the ordinary course of business, and other than obligations secured by mortgages or liens permitted under other provisions referred to above.

Liquidation Rights

The 4½% Preferred Stock is entitled, before any distribution upon liquidation to the Second Preferred Stock or Common Stock, to be paid $105 per share plus an amount equal to all unpaid cumulative dividends, whether or not earned or declared, accrued to the date of distribution upon liquidation.

Preemptive Rights

In case on or before January 1, 1945, the Corporation shall offer any shares of stock of any class for subscription by Common Stockholders, the holder of each then outstanding share of 4½% Preferred Stock shall be entitled to subscribe for the number of shares of said stock, and at the same price, as he would have been entitled to subscribe for had he been the holder of record, on the record date of Common Stockholders entitled to subscription rights, of the number of shares of Common Stock into which the share of 4½% Preferred Stock was then convertible.

Subscription Rights

None except as specified under the heading "Preemptive Rights" above and the heading "Conversion Rights" below.

Conversion Rights

The 4½% Preferred Stock is convertible into Common Stock at any time on or before January 1, 1945. If the 4½% Preferred Stock is called for redemption prior to January 1, 1945, the conversion right continues through the fifth day before the redemption date. Each share of 4½% Preferred Stock is convertible on or before January 1, 1938, into 1½ shares of Common Stock; thereafter and on or before January 1, 1940, into 1¼ shares of Common Stock; and thereafter and on or before January 1, 1945, into 1 share of Common Stock; or in certain events summarized below, a larger number of shares of Common Stock:

(a) In case on or before January 1, 1945, the Corporation shall issue any shares of Common Stock as a stock dividend upon the Common Stock, the holder of 4½% Preferred Stock, upon converting the same after the date of record of the holders of the Common Stock to whom such stock dividend is payable, shall be entitled to receive, in addition to Common Stock issuable upon the conversion of each share of 4½% Preferred Stock as aforesaid, the number of shares of Common Stock which he would have been entitled to receive if he had been a holder of record on said record date of the number of shares of Common Stock issuable as aforesaid against each share of 4½% Preferred Stock upon conversion (increased proportionately on account of any prior Common Stock dividends).

(b) In case on or before January 1, 1945, the Corporation by amendment of its Certificate of Incorporation, as amended, shall split up the outstanding shares of Common Stock into a greater number of shares, the number of shares of Common Stock issuable upon the conversion of 4½% Preferred Stock shall be correspondingly increased on account of each such split-up.

(c) Each increase in the number of shares of Common Stock issuable upon conversion of shares of 4½% Preferred Stock provided for in sub-paragraphs (a) and (b) immediately above, shall be in addition to every previous increase under either of said sub-paragraphs.

In case the holder of 4½% Preferred Stock would be entitled to receive a fraction of a share of Common Stock upon conversion, he shall receive a non-voting, non-dividend bearing scrip certificate representing such fractional interest.

See paragraph headed "Preemptive Rights" above with regard to subscription rights of 4½% Preferred Stock in the event of an offering of stock of any class for subscription by Common Stockholders.

4½% Preferred Stock converted into Common Stock shall not be reissued or otherwise disposed of, and no 4½% Preferred Stock shall be issued in lieu thereof.

Redemption Provisions

The 4½% Preferred Stock is redeemable at the option of the Board of Directors, in whole or in part, at any time, on 45 days' notice at $105 per share plus an amount equal to all unpaid cumulative dividends, whether or not earned or declared, accrued to and including the date of redemption.

At any time after giving notice of redemption, the Corporation may deposit with a bank or trust company in the Borough of Manhattan, City and State of New York, as a trust fund for the benefit of the holders of shares of 4½% Preferred Stock called for redemption, an amount in cash sufficient to pay the redemption price of such shares. After the making of such deposit, such shares shall not be deemed to be outstanding for any purpose except that as stated under the heading "Conversion Rights" above, the conversion right shall nevertheless continue through the fifth day before the redemption date. 4½% Preferred Stock redeemed may not be reissued or otherwise disposed of, and no 4½% Preferred Stock shall be issued in lieu thereof.

Liability for Further Calls

The 4½% Preferred Stock is full paid and non-assessable.

Retirement Fund Provisions

On August 2 in each year, beginning with the year 1937, the Corporation is required, by the provisions of its Certificate of Incorporation, as amended, to make available for the retirement of the 4½% Preferred Stock a sum equal to the par value of 3% of the maximum aggregate amount of 4½% Preferred Stock which shall have been theretofore issued, plus an amount equal to dividends thereon from August 1 to August 31, plus a premium of 5% of such par value, and use the sum so made available to purchase during August, shares of its 4½% Preferred Stock at the lowest prices at which the same shall be offered, not, however, in excess of $105 per share plus an amount equal to dividends from August 1 to August 31. Any part of the sum made available for the retirement fund, as above provided, which remains unexpended on September 1, shall be released from the retirement fund and shall not be required thereafter to be reserved for retirement fund purposes. The Corporation may, in lieu of making all or any part of said sum available for the purposes aforesaid, surrender to the retirement fund at $105 per share plus an amount equal to dividends from August 1 to August 31, shares of its 4½% Preferred Stock which it shall have purchased. 4½% Preferred Stock purchased for or surrendered to the retirement fund shall not be reissued or otherwise disposed of, and no shares of 4½% Preferred Stock shall be issued in lieu thereof.

DESCRIPTION OF SECOND PREFERRED STOCK

The following statements are summaries of certain provisions contained in the Certificate of Incorporation, as amended. Said statements do not purport to be complete, and reference is made to the Certificate of Incorporation, as amended, filed with the registration statement (Exhibit A-7 thereto attached), for full and complete statements of such provisions, to all which the following is subject:

Dividend Rights

Holders of the Second Preferred Stock, subject to the rights of the 4½% Preferred Stock, are entitled in preference to the Common Stock to receive cumulative dividends at the rate of 6% per annum, and no more, payable in cash quarterly out of the surplus of the Corporation on the first days of February, May, August and November in each year. Payment of dividends on the Second Preferred Stock is contingent upon (1) payment of all past dividends on the 4½% Preferred Stock and declaration of dividend on said stock for current quarter and setting aside an amount sufficient to pay the same; and (2) compliance with the requirements with respect to the 4½% Preferred Stock retirement fund.

Voting Rights

Each share of Second Preferred Stock and each share of Common Stock, voting together and not separately by classes, is entitled to one vote, subject, however, to the exclusive voting rights, in certain events, of the 4½% Preferred Stock, for the election of directors as stated under the heading "Voting Rights" in the foregoing "Description of 4½% Preferred Stock (Convertible until January 1, 1945)." Reference is made to the heading "Voting Rights" in the foregoing "Description of 4½% Preferred Stock (Convertible until January 1, 1945)", for a summary of the restrictions on certain corporate action against the dissent of the holders of one-third or more of the 4½% Preferred Stock.

Liquidation Rights

Subject to the prior right of the 4½% Preferred Stock as stated under the heading "Liquidation Rights" in the foregoing "Description of 4½% Preferred Stock (Convertible until January 1, 1945)" the Second Preferred Stock is entitled, before any distribution upon liquidation to the Common Stock, to be paid $5.50 per share plus an amount equal to all unpaid cumulative dividends, whether or not earned or declared, accrued to the date of distribution upon liquidation.

Preemptive Rights

The holders of the Second Preferred Stock have no preemptive rights.

Subscription Rights

The holders of the Second Preferred Stock have no subscription rights.

Conversion Rights

The Second Preferred Stock is not convertible.

Redemption Provisions

The Second Preferred Stock is redeemable, at the option of the Board of Directors, in whole or in part, on any dividend date, on thirty days' notice, at $5.50 per share plus an amount equal to all unpaid cumulative dividends, whether or not earned or declared, accrued to and including the date of redemption.

At any time after giving notice of redemption, the Corporation may deposit with a bank or trust company in the Borough of Manhattan, City and State of New York, as a trust fund for the benefit of the holders of shares of Second Preferred Stock called for redemption, an amount in cash sufficient to pay the redemption price of such shares. After the making of such deposit, such shares shall not be deemed to be outstanding for any purpose. Second Preferred Stock redeemed may not be reissued or otherwise disposed of, and no Second Preferred Stock shall be issued in lieu thereof.

So long as any 4½% Preferred Stock is outstanding, redemption or purchase by the Corporation of any Second Preferred Stock is contingent upon (1) payment of all past dividends on the 4½% Preferred Stock and declaration of dividend on said stock for current quarter and setting aside an amount sufficient to pay the same; and (2) compliance with the requirements with respect to the 4½% Preferred Stock retirement fund.

Liability for Further Calls

The Second Preferred Stock is full paid and non-assessable.

DESCRIPTION OF COMMON STOCK

The following statements are summaries of certain provisions contained in the Certificate of Incorporation, as amended. Said statements do not purport to be complete and reference is made to the Certificate of Incorporation, as amended, filed with the registration statement (Exhibit A-7 thereto attached), for full and complete statements of such provisions, to all which the following is subject:

Dividend Rights

The holders of the Common Stock are entitled, subject to the rights of the 4½% Preferred Stock and the Second Preferred Stock, to dividends as declared by the Board of Directors out of surplus. Payment of dividends on Common Stock is contingent upon (1) payment of all past dividends on 4½% Preferred Stock and Second Preferred Stock and declaration of dividends on said stocks for current quarter and setting aside an amount sufficient to pay the same; and (2) compliance with the requirements with respect to the 4½% Preferred Stock retirement fund.

The underwriting contract provides that, prior to the delivery to the Underwriters of the shares, if any, of the 4½% Preferred Stock not subscribed for by the Common Stockholders or First Preferred Stockholders, there will be no dividend declared on the Common Stock other than the declaration and payment, on May 1, 1936, of a quarterly dividend not in excess of $1 a share.

Voting Rights

Each share of Common Stock and each share of Second Preferred Stock, voting together and not separately by classes, is entitled to one vote, subject, however, to the exclusive voting rights in certain events of the 4½% Preferred Stock for the election of directors as stated under the heading "Voting Rights" in the foregoing "Description of 4½% Preferred Stock (Convertible until January 1, 1945)." Reference is made to the heading "Voting Rights" in the foregoing "Description of 4½% Preferred Stock (Convertible until January 1, 1945)," for a summary of the restrictions on certain corporate action against the dissent of the holders of one-third or more of the 4½% Preferred Stock.

Liquidation Rights

Subject to the prior right of the 4½% Preferred Stock as stated under the heading "Liquidation Rights" in the foregoing "Description of 4½% Preferred Stock (Convertible until January 1, 1945)" and the prior right of the Second Preferred Stock as stated under the heading "Liquidation Rights" in the foregoing "Description of Second Preferred Stock", the Common Stock is entitled to receive the net assets of the Corporation.

Preemptive Rights

No shares of Common Stock or of Second Preferred Stock or of any new class of common stock or of any new class of preferred stock having voting rights under ordinary circumstances and no securities convertible into or evidencing the right to purchase any of the foregoing shall be issued for money without being offered for subscription to Common Stockholders, except that not exceeding 10,000 shares of Common Stock may be sold to employes of the Corporation, from time to time, without the holders of Common Stock being given a right to subscribe for such shares.

As stated under the said heading "Preemptive Rights" in the foregoing "Description of 4½% Preferred Stock (Convertible until January 1, 1945)", in the event of an offering of stock for subscription by the Common Stockholders on or before January 1, 1945, the holders of outstanding 4½% Preferred Stock are entitled to participate in such offering.

Subscription Rights

None other than those stated under the heading "Preemptive Rights" above.

Liability for Further Calls

The Common Stock is full paid and non-assessable.

Each of the foregoing Descriptions relates only to the provisions of the Certificate of Incorporation, as amended, and all statements therein are made without giving effect, if any, to statutory or other law.

LITIGATION

The Corporation is a party to actions pending in Florida, Iowa and Texas which were instituted to test the validity of chain store tax statutes in those states.

HISTORICAL FINANCIAL INFORMATION

CORPORATION AND SUBSIDIARIES (CONSOLIDATED)

Since January 1, 1922, there have been no increases in the companies' Investments, Property, Plant and Equipment, or Intangible Assets, resulting from substantially revaluing such Assets.

The net book value of the Fixed Assets of the Corporation and subsidiaries (consolidated), as at December 31, 1931, was reduced by a charge to Earned Surplus of $848,137.76, representing the reduction in the Fixed Assets of $1,492,806.31 credited to Reserve for Revaluation, less a charge to Reserve for Depreciation of $644,668.55.

In addition to the above, during the period from January 1, 1922 to December 31, 1935, the following charges (other than those made in the usual course of business and charged to Income Account) were made in the years indicated:

CHARGES TO EARNED SURPLUS ACCOUNT:

1927	Valuation set on Leasehold, written off	$ 49,500.00
1928	Recapitalization Expense, written off	263,297.54
1929	Loss on Sale of New York Leasehold Property	59,443.18
1930	Loss on Equipment Abandoned, due to closing stores	151,651.66
1930	Provision for Loss on Investment in and Advances to Broadway Block Corporation	125,000.00
1931	Loss on Fixed Assets Sold or Discarded	28,300.13
1932	Bonuses and Commissions Paid for Lease Cancellations and Rent Reductions, net	200,928.96
1932	Additional Provision for Loss on Investment in and Advances to Broadway Block Corporation	183,133.55
1932	Loss on Capital Assets Discarded	50,616.96

CORPORATION (PARENT)

Since January 1, 1922, there have been no increases in the Corporation's Investments, Property, Plant and Equipment, or Intangible Assets, resulting from substantially revaluing such Assets.

The net book value of the Fixed Assets of the Corporation (parent), as at December 31, 1931, was reduced by a charge to Earned Surplus Account of $834,799.91, representing a reduction in the Fixed Assets of $1,466,190.30 credited to Reserve for Revaluation, less a charge to Reserve for Depreciation of $631,390.39.

In addition to the above, during the period from January 1, 1922 to December 31, 1935, the following charges (other than those made in the usual course of business and charged to Income Account) were made in the years indicated:

CHARGES TO EARNED SURPLUS ACCOUNT:

1928	Recapitalization Expense written off	$263,297.54
1930	Loss on Equipment Abandoned due to closing stores	151,651.66
1930	Provision for Loss on Investment in and Advances to Broadway Block Corporation	125,000.00
1931	Loss on Capital Assets Sold or Discarded	28,300.13
1932	Additional Provision for Loss on Investment in and Advances to Broadway Block Corporation	183,133.55
1932	Loss on Capital Assets Discarded	43,063.76
1932	Bonuses and Commissions Paid for Lease Cancellations and Rent Reductions	123,743.80

During the period from January 1, 1922 to December 31, 1935, $1,110,881.55 was added to Paid-in Surplus, representing the excess of selling price over the declared value of Common Stock.

During the year 1928, the Common Stock was split, four for one, reducing the declared value from $5.00 to $1.25 per share, without effecting any changes in the Capital Stock or Surplus Accounts.

FINANCIAL STATEMENTS

The financial statements, schedules and accompanying notes together with the accountants' report which appear under this heading have been taken from those filed with the Registration Statement for the securities to which this Prospectus relates. The Registration Statement contains other supporting schedules which, as permitted by the Rules and Regulations of the Commission, are not reproduced in this Prospectus. All references to specific schedules in the accountants' report or in the financial statements refer to the supporting schedules filed with the Registration Statement, copies of which may be obtained from the Securities and Exchange Commission, Washington, D. C. upon payment of the Commission's charge for copying.

ACCOUNTANTS' REPORT

To the Board of Directors,
Melville Shoe Corporation,
Worcester, Mass.

We have made an examination of the financial statements included in the Registration Statement (Form A-2) required to be filed by Melville Shoe Corporation as registrant with the Securities and Exchange Commission under the Securities Act of 1933 as amended. In connection therewith, we examined or tested accounting records of the registrant and its subsidiary companies for the three years ended December 31, 1935, and other supporting evidence and obtained information and explanations from officers and employees of the Companies; we also made a general review of the accounting methods and of the operating and income accounts for the period, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying Balance Sheets and Profit and Loss and Surplus Accounts, Exhibits "A" to "F", and supporting schedules numbered "I" to "XI" inclusive, together with notations thereon, and the answers to Items 9(a) and 10(a) of the Registration Statement fairly present, in accordance with accepted principles of accounting consistently maintained by the Companies during the period under review, the position as at December 31, 1935, and the results of the operations for the three years ended on that date, of the registrant (parent), and of the registrant and its subsidiary companies (consolidated).

PEAT, MARWICK, MITCHELL & CO.

Worcester, Mass., March 9, 1936.

EXHIBIT
MELVILLE SHOE
BALANCE
As at December

ASSETS

Current Assets:			
Cash in Banks and on Hand			$ 3,769,141.08
Accounts and Notes Receivable—Miscellaneous		$ 171,866.47	
Less Reserve for Doubtful Accounts and Notes		22,500.00	149,366.47
Inventories (determined by responsible officials on the basis of physical inventories taken principally during the latter part of the year and adjusted for transactions to December 31, 1935; stated at cost or market, whichever is lower)		$4,398,276.34	
Less Reserve		191,376.08	4,206,900.26
Total Current Assets			$ 8,125,407.81
Notes Receivable, non-current			75,621.66
Cash in Closed Banks and on Restricted Deposit		$ 22,454.22	
Less Reserve		7,283.04	15,171.18
Accounts of Officers and Employees (of which $8,158.74 is fully secured)			11,905.95
Investments:			
Securities of Subsidiaries Consolidated, at Cost (see Note 1)		$ 208,000.00	
Indebtedness of Subsidiaries Consolidated, Net		844,635.33	
Stock of Other Companies, at cost	$ 67,280.87		
Less Reserve	43,707.20	23,573.67	
U. S. Treasury Bonds, at cost (market value $103,875.00) held by bank as security for store managers' deposits		104,748.84	
Cash Surrender Value of $753,000.00 of Life Insurance Policies		65,132.40	1,246,090.24
Fixed Assets, at estimated replacement values at December 31, 1931 as determined by the Registrant, plus subsequent additions at cost:			
Land and Buildings, Worcester		680,522.11	
Store and Office Fixtures, Improvements to Leased Store Properties, and Miscellaneous Equipment		3,480,894.26	
		$4,161,416.37	
Less Reserves for Depreciation and Amortization		$2,125,666.60	2,035,749.77
Prepaid Expenses and Deferred Charges:			
Insurance Premiums and Deposits		$ 27,211.82	
Taxes		47,894.94	
Store Supplies	$ 28,730.01		
Less Reserve	8,009.78	20,720.23	
Other Prepaid Expenses		39,153.56	
		$ 134,980.55	
Bonuses, Commissions and Legal Expenses paid to secure lease contracts		22,680.47	157,661.02
Common Stock of Registrant, 1,278 shares at cost (held for future delivery to employees at agreed prices aggregating $20,061.25)			29,095.68
			$11,696,703.31

NOTES: (1) The investment of Melville Shoe Corporation in subsidiary companies is carried on its books at $208,000.00, which represents the par or stated capital of the subsidiaries; the accounts of the subsidiary companies show an aggregate deficit of $292,377.50, which has not been provided for in the above Balance Sheet.

“A”

CORPORATION

SHEET

31, 1935

LIABILITIES

Current Liabilities:			
Accounts Payable—Trade			$ 1,417,644.29
Accrued Liabilities:			
Salaries, Wages, Bonuses, Etc.		$ 24,200.65	
Taxes (other than Federal Income Tax)		169,375.32	
Other		12,656.79	206,232.76
Provision for Federal Income Tax			317,330.77
Total Current Liabilities			$ 1,941,207.82
Accounts of Officers and Employees			20,071.05
Store Managers' Security Deposits, and Deposits on Leases			130,160.90
Reserves:			
Insurance		$ 128,640.01	
Pensions		49,605.00	
Store Front Replacements		20,461.04	198,706.05
Capital Stock:			
First Preferred 6% Cumulative Stock, $100.00 Par Value (redeemable at option of Registrant at $110.00 per share):			
Authorized, 50,000 shares; Issued 25,000 shares (see Note 2)		$2,500,000.00	
Deduct 4,529 shares Retired		452,900.00	
		$2,047,100.00	
Less 1,303 shares in Treasury		130,300.00	
		$1,916,800.00	
Second Preferred 6% Cumulative Stock, $5.00 Par Value (redeemable at option of Registrant at $5.50 per share):			
Authorized and Issued 100,000 shares	$500,000.00		
Deduct Treasury Stock created by expiration of Scrip for fractional shares not presented—8 shares	40.00	499,960.00	
Common Stock, No Par Value:			
Authorized 500,000 shares; Issued 371,461 shares; Declared Value $1.25 per share		464,326.25	2,881,086.25
Surplus (of which $582,500.00 has been appropriated through the repurchase of the Registrant's Preferred Stock):			
Paid-in Surplus		$1,110,881.55	
Capital Surplus (arising from discount on repurchase of First Preferred Stock)		66,251.30	
Earned Surplus (see Note 1)		5,348,338.39	6,525,471.24
Contingent Liability:			
As guarantor of lease of subsidiary company—present annual amount approximately $200,000.00.			
			$11,696,703.31

(2) The Corporation proposes to amend its Certificate of Incorporation so as to authorize the issue of 25,000 shares of 4½% Preferred Stock of a par value of $100.00 per share, each share convertible on or before January 1, 1938, into 1½ shares of Common Stock; thereafter and on or before January 1, 1940 into 1¼ shares of common stock; and thereafter and on or before January 1, 1945 into 1 share of Common Stock. The Corporation further proposes to issue 22,287 shares of this 4½% Preferred Stock and to retire the outstanding 19,168 shares of First Preferred 6% Cumulative Stock at the redemption price of $110.00 per share.

EXHIBIT "B"

MELVILLE SHOE CORPORATION

PROFIT AND LOSS ACCOUNT

For the Three Years ended December 31, 1935

	Year ended December 31		
	1933	1934	1935
Gross Sales, less Discounts, Returns and Allowances	$21,112,783.33	$27,215,927.63	$30,355,524.18
Cost of Sales:			
Inventory at beginning of year	$ 2,429,854.45	$ 3,502,507.91	$ 3,836,240.66
Purchases, Rentals, and Publicity Expenses	16,664,231.30	21,107,089.57	24,115,575.70
Addition to Reserve for Inventory	262,134.59	267,888.91	161,892.12
	$19,356,220.34	$24,877,486.39	$28,113,708.48
Less Inventory at end of year	3,502,507.91	3,836,240.66	4,398,276.34
	$15,853,712.43	$21,041,245.73	$23,715,432.14
Gross Profit	$ 5,259,070.90	$ 6,174,681.90	$ 6,640,092.04
Expenses:			
Maintenance and Repairs	$ 72,761.15	$ 85,650.72	$ 76,016.56
Depreciation and Amortization (Note 1)	368,538.77	374,092.41	396,709.67
Taxes (other than Federal Income Tax)	154,120.64	186,686.19	168,961.91
Salaries, Wages, Commissions, Etc.	2,163,989.06	2,512,394.23	2,630,201.58
Light and Heat	307,768.77	333,291.43	345,148.28
Supplies	78,079.04	114,944.51	97,706.15
Insurance	107,734.71	107,087.72	107,233.14
Traveling	76,348.15	83,435.48	85,117.60
Provision for Store Front Replacements	18,212.00	17,110.00	21,254.00
Bonuses and Commissions Paid for Lease Cancellations and Rent Reductions	27,873.15	68,535.18	25,994.62
Other Selling, Administrative and General Expenses	182,956.39	219,227.02	251,207.37
Bad Debts	2,109.97	4,388.01	25,248.66
Addition to Reserve for Cash in Closed Banks and on Restricted Deposit	27,000.00	....	....
Total Expenses	$ 3,587,491.80	$ 4,106,842.90	$ 4.230 799.54
	$ 1,671,579.10	$ 2,067,839.00	$ 2,409,292.50
Other Income:			
Dividends (See Schedule IX)	$ 571.31	$ 512.57	$ 491.25
Interest on Marketable Securities	....	....	1,035.31
Miscellaneous	23,238.00	18,947.91	34,198.55
Total Other Income	$ 23,809.31	19,460.48	35,725.11
	$ 1,695,388.41	$ 2,087,299.48	$ 2,445,017.61
Income Deductions:			
Interest Paid	$ 5 266.78	$ 8,461.94	$ 10,945.48
Loss on Sale of Capital Assets (Note 3)	50,306.00	59,670.39	65,571.68
Addition to Reserve for Investments	....	6,700.00	17,007.20
Provision for Loss on Sale of Rival Stores	....	17,079.34	163.67
Total Deductions	$ 55,572.78	$ 91,911.67	$ 93,688.03
Net Income before Federal Income Tax	$ 1,639,815.63	$ 1,995,387.81	$ 2,351,329.58
Provision for Federal Income Tax	146,000.00	300,029.87	315,000.00
Net Income (Note 2)	$ 1,493,815.63	$ 1,695,357.94	$ 2,036,329.58

See Notes on next page.

NOTES TO PROFIT AND LOSS ACCOUNT

(1) It is the policy of the Registrant to make provision for depreciation on the straight line method at rates sufficient to write off each item of property over the period of its estimated useful life. Provision for amortization of improvements to leased properties is also computed by the straight line method based on the period of the lease or the estimated life of the improvements, whichever is shorter.

(2) The net income of the Registrant is before charging net losses of subsidiaries, which were as follows:

1933	$166,172.23
1934	2,445.36
1935	22,917.48

A building on leased land carried at $408,064, is operated by a subsidiary under the terms of a lease of which the current period expires on January 1, 1946 with the option on the part of the subsidiary, subject to expenditures during or before 1946 of an additional amount estimated at $700,000.00, to extend it for two further periods of 21 years each. Provision for amortization of the building is being made over the maximum optional period of the lease. It has not yet been determined whether the lease will be extended upon maturity in 1946. If the building were to be written off during the current period of the lease (i.e., by 1946) the charge for amortization would be increased by approximately $28,500 per annum and the net loss of subsidiaries shown above would be correspondingly increased.

(3) These losses on sales of capital assets are charged to the Profit and Loss Account because they are considered normal to the business of the Registrant.

(4) The aggregate annual amounts of the rentals upon all real property now leased to the Registrant for terms expiring more than three years after the date of filing of the Registration Statement, and the number of such leases are shown in the following statement. Where rentals are conditional the minimum annual amounts have been used:

Calendar Year	Number of Leases	Aggregate Amounts of Rentals	Calendar Year	Number of Leases	Aggregate Amounts of Rentals
1936	10	$139,083	1944	3	$39,600
1937	10	139,917	1945	3	29,600
1938	10	140,250	1946	2	24,600
1939	10	134,237	1947	2	24,600
1940	7	77,200	1948	2	16,600
1941	6	48,942	1949	1	12,600
1942	3	39,267	1950	1	4,200
1943	3	39,600			

Under the terms of certain of the above leases the Registrant is required to pay, in addition to the rentals specified, the taxes on the property leased. Taxes so payable are estimated at an annual amount of $13,000.

In addition to the above leases, the Registrant has 14 leases with an aggregate annual rental at the present time of $52,400., expiring more than three years after the date of filing of the Registration Statement, which leases, however, are subject to termination at the option of the Registrant prior to that date.

EXHIBIT "C"

MELVILLE SHOE CORPORATION
SURPLUS ACCOUNTS
For the Three Years ended December 31, 1935

	Year ended December 31		
	1933	1934	1935
Paid-in Surplus			
Balance at Beginning and End of Period	$1,110,881.55	$1,110,881.55	$1,110,881.55
Capital Surplus			
Balance at Beginning of Period	$ 44,014.00	$ 71,538.15	$ 71,538.15
Difference between par and cost of preferred stock purchased for retirement	27,524.15	....	(5,286.85)
Balance at Close of Period	$ 71,538.15	$ 71,538.15	$ 66,251.30
Earned Surplus			
Balance at Beginning of Period	$2,552,028.10	$3,319,906.63	$4,200,929.17
Net Income from Profit and Loss Statement	1,493,815.63	1,695,357.94	2,036,329.58
Excess of proceeds from life insurance policies over cash surrender value	....	....	372,310.87
Total	$4,045,843.73	$5,015,264.57	$6,609,569.62
Charges to Surplus:			
Charge on subsidiary company's books in 1932 absorbed by parent company in 1933	$ 123,743.80	$	$ ....
Reserve provided for pensions	....	....	50,000.00
Dividends Paid, Cash:			
First preferred stock 6%	127,522.50	117,888.00	117,100.50
Second preferred stock 6%	29,997.60	29,997.60	29,997.60
Common stock	444,673.20	666,449.80	1,064,133.13
Total Charges to Surplus	$ 725,937.10	$ 814,335.40	$1,261,231.23
Balance at Close of Period	$3,319,906.63	$4,200,929.17	$5,348,338.39

Parentheses denote red figures.

EXHIBIT

MELVILLE SHOE CORPORATION

CONSOLIDATED

As at December

ASSETS

Current Assets:			
Cash in Banks and on Hand			$ 4,019,477.17
Accounts and Notes Receivable—Miscellaneous		$ 200,917.86	
Less Reserve for Doubtful Accounts and Notes		25,330.43	175,587.43
Inventories (determined by responsible officials on the basis of physical inventories taken principally during the latter part of the year and adjusted for transactions to December 31, 1935; stated at cost or market, whichever is lower)		$4,398,276.34	
Less Reserve		191,376.08	4,206,900.26
Total Current Assets			$ 8,401,964.86
Notes Receivable, non-current			75,621.66
Cash in Closed Banks and on Restricted Deposit		$ 22,454.22	
Less Reserve		7,283.04	15,171.18
Accounts of Officers and Employees (of which $8,158.74 is fully secured)			11,905.95
Investments:			
Stock of Other Companies—at cost		$ 67,280.87	
Less Reserve		43,707.20	
		$ 23,573.67	
U. S. Treasury Bonds—at cost (market value $103,875.00) held by bank as security for store managers' deposits		104,748.84	
		$ 128,322.51	
Cash Surrender Value of $753,000.00 of Life Insurance Policies		65,132.40	193,454.91
Fixed Assets, at estimated replacement values at December 31, 1931 as determined by the Registrant, plus subsequent additions at cost:			
Land and Buildings, Worcester		$ 680,522.11	
Building on Leased Land, New York		408,064.89	
Store and Office Fixtures, Improvements to Leased Store Properties, and Miscellaneous Equipment		3,516,393.63	
		$4,604,980.63	
Less Reserves for Depreciation and Amortization		2,158,154.31	2,446,826.32
Prepaid Expenses and Deferred Charges:			
Insurance Premiums and Deposits		$ 40,506.10	
Taxes		50,694.16	
Store Supplies	$ 28,730.01		
Less Reserve	8,009.78	20,720.23	
Other Prepaid Expenses		54,120.03	
		$ 166,040.52	
Bonuses, Commissions, and Legal Expenses paid to secure lease contracts		105,591.53	271,632.05
Common Stock of Registrant, 1,278 shares at cost (held for future delivery to employees at agreed prices aggregating $20,061.25)			29,095.68
			$11,445,672.61

NOTES: (1) The investment of Melville Shoe Corporation in subsidiary companies (all of which are wholly-owned and included in this Consolidated Balance Sheet) is carried on its books at $208,000.00, which represents the par or stated capital of the subsidiaries. This amount is $292,377.50 in excess of the Registrant's equity in the net assets of such subsidiaries as shown by their books. The excess has been charged in consolidation to earned surplus.

“D”
AND SUBSIDIARY COMPANIES
BALANCE SHEET
31, 1935

LIABILITIES

Current Liabilities:			
Accounts Payable, Trade			$ 1,423,789.17
Accrued Liabilities:			
Salaries, Wages, Bonuses, Etc.		$ 24,200.65	
Taxes (other than Federal Income Tax)		173,779.43	
Other		34,561.27	232,541.35
Provision for Federal Income Tax			318,730.77
Total Current Liabilities			$ 1,975,061.29
Accounts of Officers and Employees			20,071.05
Store Managers' Security Deposits, and Deposits on Leases			137,654.23
Reserves:			
Insurance		$ 128,640.01	
Pensions		49,605.00	
Store Front Replacements		20,461.04	198,706.05
Capital Stock:			
First Preferred 6% Cumulative Stock, $100.00 Par Value (redeemable at option of Registrant at $110.00 per share):			
Authorized, 50,000 shares; Issued 25,000 shares (see Note 2)		$2,500,000.00	
Deduct 4,529 shares Retired		452,900.00	
		$2,047,100.00	
Less 1,303 shares in Treasury		130,300.00	
		$1,916,800.00	
Second Preferred 6% Cumulative Stock, $5.00 Par Value (redeemable at option of Registrant at $5.50 per share):			
Authorized and Issued 100,000 shares	$500,000.00		
Deduct Treasury Stock created by expiration of Scrip for fractional shares not presented—8 shares	40.00	$ 499,960.00	
Common Stock, No Par Value: Authorized 500,000 shares; Issued 371,461 shares; Declared Value $1.25 per share		464,326.25	2,881,086.25
Surplus (of which $582,500.00 has been appropriated through the repurchase of the Registrant's Preferred Stock):			
Paid-in Surplus		$1,110,881.55	
Capital Surplus (arising from discount on repurchase of First Preferred Stock)		66,251.30	
Earned Surplus		5,055,960.89	6,233,093.74
			$11,445,672.61

(2) The Corporation proposes to amend its Certificate of Incorporation so as to authorize the issue of 25,000 shares of 4½% Preferred Stock of a par value of $100.00 per share, each share convertible, on or before January 1, 1938, into 1½ shares of Common Stock; thereafter and on or before January 1, 1940 into 1¼ shares of Common Stock; and thereafter and on or before January 1, 1945 into 1 share of Common Stock. The Corporation further proposes to issue 22,287 shares of this 4½% Preferred Stock and to retire the outstanding 19,168 shares of First Preferred 6% Cumulative Stock at the redemption price of $110.00 per share.

EXHIBIT "E"

MELVILLE SHOE CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Three Years ended December 31, 1935

	Year ended December 31		
	1933	1934	1935
Gross Sales, less Discounts, Returns and Allowances	$21,112,783.33	$27,215,927.63	$30,355,524.18
Cost of Sales:			
Inventory at beginning of year	2,429,854.45	3,502,507.91	3,836,240.66
Purchases, Rentals, and Publicity Expenses	16,618,875.10	20,831,401.04	23,849,910.67
Addition to Reserve for Inventory	262,134.59	267,888.91	161,892.12
	$19,310,864.14	$24,601,797.86	$27,848,043.45
Less Inventory at end of year	3,502,507.91	3,836,240.66	4,398,276.34
	$15,808,356.23	$20,765,557.20	$23,449,767.11
Gross Profit	$ 5,304,427.10	$ 6,450,370.43	$ 6,905,757.07
Expenses:			
Maintenance and Repairs	$ 78,429.85	$ 93,449.97	$ 80,994.56
Depreciation and Amortization (Note 1)	372,714.10	380,798.86	406,599.01
Taxes (other than Federal Income Tax)	263,044.50	308,271.87	291,598.11
Salaries, Wages, Commissions, Etc.	2,182,922.04	2,544,439.03	2,672,355.09
Light and Heat	316,251.86	362,885.73	388,678.11
Supplies	78,495.33	115,588.63	98,814.48
Insurance	113,861.54	113,219.05	114,227.26
Traveling	76,734.33	83,928.61	85,436.37
Provision for Store Front Replacements	18,212.00	17,110.00	21,254.00
Bonuses and Commissions Paid for Lease Cancellations and Rent Reductions	151,029.08	68,535.18	25,994.62
Other Selling, Administrative and General Expenses	232,410.56	277,875.25	300,115.07
Bad Debts	3,728.21	18,819.24	31,992.33
Addition to Reserve for Cash in Closed Banks and on Restricted Deposit	27,000.00	....	....
Total Expenses	$ 3,914,833.40	$ 4,384,921.42	$ 4,518,059.01
	$ 1,389,593.70	**$ 2,065,449.01**	**$ 2,387,698.06**
Other Income:			
Dividends (per Schedule IX)	571.31	512.57	491.25
Interest on Marketable Securities	....	....	1,035.31
Miscellaneous	20,921.20	21,588.80	34,519.25
Total Other Income	$ 21,492.51	$ 22,101.37	$ 36,045.81
	$ 1,411,086.21	**$ 2,087,550.38**	**$ 2,423,743.87**
Income Deductions:			
Interest Paid	$ 5,577.09	$ 8,810.27	$ 11,189.22
Loss on Sale of Capital Assets (Note 2)	55,021.65	60,318.32	65,571.68
Addition to Reserve for Investments	....	6,700.00	17,007.20
Provision for Loss on Sale of Rival Stores	....	17,079.34	163.67
Total Deductions	$ 60,598.74	$ 92,907.93	$ 93,931.77
Net Income before Federal Income Tax	$ 1,350,487.47	$ 1,994,642.45	$ 2,329,812.10
Provision for Federal Income Tax	146,000.00	301,729.87	316,400.00
Net Income	$ 1,204,487.47	$ 1,692,912.58	$ 2,013,412.10

See Notes on next page.

NOTES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

(1) It is the policy of the Registrant and its subsidiaries to make provision for depreciation on the straight-line method at rates sufficient to write off each item of property over the period of its estimated useful life. Except as to the building on leased land, carried at $408,064, provision for amortization of improvements to leased properties is also computed by the straight-line method based on the period of the lease or the estimated life of the improvements, whichever is shorter. The building on leased land is operated by a subsidiary under the terms of a lease of which the current period expires on January 1, 1946 with the option on the part of the subsidiary, subject to expenditures during or before 1946 of an additional amount estimated at $700,000.00, to extend it for two further periods of 21 years each. Provision for amortization of the building is being made over the maximum optional period of the lease. It has not yet been determined whether the lease will be extended upon maturity in 1946. If the building were to be written off during the current period of the lease (i.e., by 1946) the charge for amortization would be increased by approximately $28,500 per annum and the net income shown in the foregoing statement would be correspondingly reduced.

(2) These losses on sales of capital assets are charged to the Profit and Loss Account because they are considered normal to the business of the Registrant and its subsidiaries.

(3) The aggregate annual amounts of the rentals upon all real property now leased to the Registrant and its subsidiaries for terms expiring more than three years after the date of filing of the Registration Statement, and the number of such leases are shown in the following statement. Where rentals are conditional the minimum annual amounts have been used:

Calendar Year	Number of Leases	Aggregate Amounts of Rentals	Calendar Year	Number of Leases	Aggregate Amounts of Rentals
1936	148	$1,059,592	1945	13	$271,400
1937	148	1,070,490	1946	10	98,900
1938	148	1,082,345	1947	10	95,100
1939	148	985,483	1948	9	83,900
1940	96	688,558	1949	6	55,302
1941	46	448,421	1950	3	24,200
1942	26	372,443	1951	1	11,000
1943	19	330,636	1952	1	1,833
1944	16	299,358			

Under the terms of certain of the above leases the Registrant and its subsidiaries are required to pay, in addition to the rentals specified, the taxes on the property leased. Taxes so payable are estimated at an annual amount of $57,000.

In addition to the above leases, the Registrant and its subsidiaries have 73 leases with an aggregate annual rental at the present time of $233,920., expiring more than three years after the date of filing of the Registration Statement, which leases, however, are subject to termination at the option of the Companies prior to that date.

(4) There were no inter-company sales during the period. All inter-company rents and profits have been eliminated in the foregoing consolidated Profit and Loss Account.

EXHIBIT "F"

MELVILLE SHOE CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED SURPLUS ACCOUNTS

For the Three Years ended December 31, 1935

	Year ended December 31		
	1933	1934	1935
Paid-in Surplus			
Balance at Beginning and End of Period	$1,110,881.55	$1,110,881.55	$1,110,881.55
Capital Surplus			
Balance at Beginning of Period	$ 44,014.00	$ 71,538.15	$ 71,538.15
Difference between par and cost of Preferred Stock purchased for retirement	27,524.15	....	(5,286.85)
Balance at Close of Period	$ 71,538.15	$ 71,538.15	$ 66,251.30
Earned Surplus			
Balance at Beginning of Period	$2,450,597.80	$3,052,891.97	$3,931,469.15
Net Income from Profit and Loss Statement	1,204,487.47	1,692,912.58	2,013,412.10
Excess of proceeds from life insurance policies over cash surrender value	....	....	372,310.87
Total	$3,655,085.27	$4,745,804.55	$6,317,192.12
Charges to Surplus:			
Reserve provided for Pensions	$	$	$ 50,000.00
Dividends Paid, Cash:			
First preferred stock 6%	127,522.50	117,888.00	117,100.50
Second preferred stock 6%	29,997.60	29,997.60	29,997.60
Common stock	444,673.20	666,449.80	1,064,133.13
Total Charges to Surplus	$ 602,193.30	$ 814,335.40	$1,261,231.23
Balance at Close of Period	$3,052,891.97	$3,931,469.15	$5,055,960.89

Parentheses denote red figures.

ADDITIONAL INFORMATION ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION

Further information concerning these securities and their issuer is to be found in the registration statement on file with the Securities and Exchange Commission, Washington, D. C. The registration statement may be inspected by anyone at the office of the Commission, without charge, and copies of all or any part of it may be obtained upon payment of the Commission's charge for copying.

The additional information concerns the following subjects: the subsidiaries of the Corporation; the amount of securities of the Corporation held in its treasury and other similar information; the names and addresses of counsel passing upon the legality of the issue; the material provisions of the underwriting contract; the expenses of the Corporation in connection with the issue and sale of securities offered hereunder; the securities of the Corporation owned by each director and officer of the Corporation and various other persons; the remuneration paid by the Corporation and its subsidiaries to directors, officers and other persons; material contracts of the Corporation not made in the ordinary course of business; names of accountants who have certified financial statements of the Corporation since January 1, 1922; and consents of experts.

The answer "none" is given in the registration statement with respect to the following matters: material franchises and concessions held by the Corporation or its subsidiaries; authorized funded debt and funded debt to be offered hereunder; securities of other persons guaranteed by the Corporation and guaranties to be offered hereunder; warrants or rights to subscribe for or purchase securities of the Corporation granted by the Corporation as of December 31, 1935; other securities than those mentioned in this Prospectus; contracts made by the Corporation agreeing not to sell securities of the same class as those offered hereunder during the period of distribution; property acquired or to be acquired not in the ordinary course of business, in consideration of any of the securities offered hereunder, or of all or any part of the proceeds thereof: material management and general supervisory contracts now in effect providing for management of or services to the Corporation; extent of any substantial interest of directors, principal executive officers, underwriters and principal stockholders in property acquired by the Corporation not in the ordinary course of business within the last two years; recent sales of securities by the Corporation to persons other than employes; securities of the Corporation subject to options to purchase from the Corporation; denials by governmental regulatory bodies affecting the right to sell securities of the Corporation; and interests in the Corporation held by experts named in the registration statement.

The following schedules to the financial statements attached to the registration statement are omitted from this Prospectus:

SCHEDULE I—Investments in Securities of Subsidiaries for the Three Years Ended December 31, 1935.

SCHEDULE II—Fixed Assets for the Three Years Ended December 31, 1935.

SCHEDULE IIa—Fixed Assets at Cost for the Three Years Ended December 31, 1935.
SCHEDULE IIb—Reserve for Revaluation for the Three Years Ended December 31, 1935.
SCHEDULE III—Reserves for Depreciation and Amortization for the Three Years Ended December 31, 1935, with the exception of the Note appearing thereon.

SCHEDULE VI—Reserves for the Three Years Ended December 31, 1935

SCHEDULE VIII—Supplementary Profit and Loss Information for the Three Years Ended December 31, 1935, with the exception of the Note appearing thereon and the Charges for Maintenance and Repairs, Depreciation and Amortization and Taxes which are shown separately under Exhibit B and E set forth herein.

SCHEDULE IX—Income from Dividends for the Three Years Ended December 31, 1935.

All of the schedules above referred to, together with the exhibits listed in the registration statement, such as the Charter, By-Laws, Underwriting Agreement, opinions of counsel, certain important contracts and copies of the securities offered hereunder, are on file with the Commission.

MELVILLE SHOE CORPORATION
By WARD MELVILLE
President.